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of these institutions naturally became mere façades to conceal a much cruder reality. Party politics, for example, bore a very superficial resemblance to those of nineteenth-century England: two principal parties, the Liberals and the Conservatives, alternated in office. But the reality behind this two-party system was altogether different. Politics were based on a very narrow franchise,[30] the parties themselves tended to be coteries surrounding a dominant personality or family, and there were constant factions and party splits. Both the Conservatives and the Liberals obtained their support from the landowners, the principal distinction between them being that the Conservatives were usually the explicit spokesmen of the large agrarian interests, whereas the Liberals were increasingly interested in making Rumania a strong modern (i.e., commercial and industrial) state and held the controlling positions in the growing financial institutions.

In the field of law the Rumanians demonstrated what Dobrogeanu-Gherea correctly called a "mania for legislation." A flood of laws was continually being passed—elegantly rendered by men who had taken their law course at Paris—but with remarkably little effect. Some were inapplicable at the outset, few were administered properly, and most were soon forgotten by all concerned, with no effort made to examine their consequences. Other examples could be cited from the fields of public finance, civil rights, and the press to illustrate the abyss lying between political and constitutional forms and actual practice. The persistence of this dualism right up to the 1940's has undoubtedly had a corrupting effect upon Rumanian politics and society.

Notwithstanding these contradictions, which have struck all foreign observers in the past century, the very introduction of Western paraphernalia had certain important positive effects. A peasant who had been inducted, under universal conscription, into the army, who could read in the press (or have read to him) about agrarian disturbances in Sicily, Ireland, or Russia, or who heard the charges and countercharges of the political parties, however rhetorical these may have been—such a peasant was moving out of the closed circle of the village. This is evidenced in the active role played by ex-army sergeants, clerks, and schoolteachers in the 1907 uprising. Moreover, the mere existence of constitutional and legal devices, however inoperative they may have been, provided potential channels for change and increased the flexibility of the existing order. Thus, in spite of the fact that changes were apt to prove illusory rather than real,

30. A system of electoral colleges, rather like that of Prussia before 1918, assured a preponderant strength in the assembly to the landowners and the wealthy urban groups.

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that an endless series of palliatives and half-measures would take the place of real reforms, even so vigorous a critic of Rumanian institutions as Dobrogeanu-Gherea held that the presence of liberal institutions set Rumania in favorable contrast to tsarist Russia.[31]

In short, while economic and social tensions precipitated the 1907 revolt, the political situation prevented it from becoming more than a social eruption. It remained a revolt and not the initial stage of a revolution.

The Aftermath of 1907

The peasant uprising frightened the rulers of Rumania into attempting some measures of reform. A law on agricultural contracts was designed to protect the peasant by regulating agreements between him and the landlord or tenant, by prohibiting certain forms of rent in labor, by instituting communal grazing lands, and by establishing regional committees to fix agricultural wages and rents. This law was never really applied and quickly fell altogether into disuse. The proprietors preferred informal and unwritten agreements, which the law did not cover, and few peasants dared to demand application of the law for fear of being driven from the estate.[32]

A second law created a state-supported Rural Office to aid in the transfer of land from large properties to the peasants. Up to the beginning of 1912, however, the Rural Office had bought only 76,000 hectares, had divided up 15,000 hectares, and had sold to the peasants only 6,500 hectares.[33] A third law, by limiting the size of leases to 4,000 hectares of cultivable land, attacked the large agricultural trusts held in lease. A fourth law established cooperatives for renting land. It was probably the most successful; between 1908 and 1916 the land rented by the cooperatives increased from 133,000 hectares to 410,000 hectares.[34]

Although these laws were heralded as introducing a new conception into Rumanian life, *socialism de stat*—state intervention on behalf of the peasants—they really provide only examples of Rumanian legislative escapism. They but scratched the surface of the problem and were "fated to disappear without trace in the quicksand of Rumanian public life." [35] The state socialism proclaimed by the Liberals had very little to do with socialism in any Western sense of the term but more closely resembled the paternalistic policies of mercantilism.

31. Dobrogeanu-Gherea, *op. cit.*, p. 46.
32. Ilie S. Diaconescu, *Chestiunea țărănească în Romănia* (Bucarest, 1928), p. 115.
33. *Ibid.*, p. 120.
34. *Ibid.*, p. 124.
35. Mitrany, *op. cit.*, p. 88.

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175 656 423 Under the pressure of events the government did not bother to follow the formalities prescribed in the 1917 amendment but quickly drafted a decree-law, to be ratified subsequently by the parliament. This decree-law of December 15, 1918, laid down the norms under which land was immediately to be expropriated. Some of the leading provisions were as follows: [5]

a) As in the constitutional amendment, arable crown and mortmain land as well as foreign and absentee properties were completely expropriated.

b) The amount of 2,000,000 hectares was to be expropriated on a sliding scale from private properties of over 100 hectares. This rather arbitrary scale did represent an advance upon the 1917 amendment in limiting all properties to 500 hectares, but it made no provision for geographical differences, relative land hunger, or rational organization of estates. The law based the expropriation on properties rather than on proprietorship, to the benefit of the landowner with multiple holdings. Moreover, the relation between the scale of expropriation and the 2,000,000 hectares to be obtained was not accurately computed, and the expropriation actually fell short by some 450,000 hectares.

c) Compensation for expropriated land was to be based on a number of factors: price of sale in the region for five years prior to 1916, regional level of rent, evaluation by credit institutions, net income per hectares, etc., but was not to exceed twenty times the regional rental rate. Payments to proprietors were to be made by 5 per cent state bonds, redeemable in fifty years. The state was to contribute up to 35 per cent of the cost.

d) Peasant associations were to be created to serve as temporary recipients of the transferred land. The law went into little detail as regards resettlement, which was covered later by the law of 1921.

175 423 ● 185 Ion I. C. Brătianu, who had headed the government on December 14, 1918, resigned on September 27, 1919, in a dispute with the Allies on the peace settlement. King Ferdinand accepted the resignation and formed a nonparty cabinet under General Vaitoianu to hold a general election. This election, virtually the first to be uncontrolled in Rumanian history, produced surprising results. The Liberals lost most of their seats in the Old Kingdom, and after some delay a bloc made up of the newly formed Peasant party and the National party of Transylvania assumed office.

During its brief term this government, with the Transylvanian Vaida-Voevod as Premier and Ion Mihalache as Minister of Agricul-

5. Full summaries of this and the subsequent agrarian law of 1921 are given in Diaconescu, *op. cit.*, pp. 148–234, and Mitrany, *op. cit.*, pp. 121–122.

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ture, introduced a bill for the resettlement of the peasants as well as for an extension of the expropriation. According to Mihalache, the Vaida government sought to make a new agrarian reform which was not based on the limited concept of the constituent assembly at Iaşi.[6] Although this bill was not passed, it is of importance as an early expression of the agrarian program of what was to become the National Peasant party.

The *exposé de motifs* of the bill granted that when promulgated the acts of 1917 and 1918 represented the only workable formulae, given the composition of parliament and the state of the nation, but stated that the incorporation of Bessarabia and the other provinces in Greater Rumania now made imperative further action on behalf of the peasants in the Old Kingdom, since the new provinces were enjoying extensive land reforms. By the terms of this bill expropriation was to be based on the total holdings of a proprietor, not on separate properties, and was extended to include property continuously rented for ten years prior to 1916. Private property in excess of 100 hectares of cultivable land was to be expropriated; in this the framers of the bill consciously followed the provisions of the relatively radical Bessarabian land reform. Exceptions, however, were made for estates organized as farms with a significant capital investment; these were limited to 250 hectares in densely populated regions and to 500 hectares in regions of sparse population. Property remaining after expropriation was not to be leased except to peasant cooperatives. In general, the bill was more radical than its predecessors in the Old Kingdom and represented a peasant point of view, both as regards the expropriation and the organization of agriculture, rather than a political compromise formulated by the landowners to avert peasant revolt.

As soon as the nature of Mihalache's bill became known, the old parties took steps to block it. The Minister of Agriculture was unable to obtain an audience with the king, allegedly as a result of Liberal intrigue. On March 12, 1920, after failing to obtain the king's approval to present the bill as a government measure, Mihalache presented it to the assembly as a private member's bill. At that session he warned: "But it should be known that if parliament has to leave, or if the government has to leave, it is because of a conspiracy by the whole oligarchy of all the boyar political parties." His prediction was realized; on the following day the government, which still held a substantial parliamentary majority, was dismissed by the crown in

6. For the text of this bill and the debate at its introduction, see the pamphlet published by the Federaţia Democraţiei, *Proectul legei de împroprietărirea ţăranilor* (Bucarest, 1920).

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what has been called "the most questionable act of King Ferdinand's reign."[7] Although peasant disturbances, general instability, and the inexperience of the Vaida government have been cited as reasons for its downfall, it seems clear that its dismissal stemmed directly from the hostility of the landowners to the proposed agrarian bill.[8] Thus, the effort of the Peasant party to carry through a more radical reform by legal means was defeated.

The new premier, General Averescu, was selected because he was a popular military hero. He immediately ordered new elections and by the usual controls was able to obtain a majority for his People's party. Mihalache was replaced by Constantin Garoflid. Garoflid, as has been seen, was by no means opposed to land reform, but he did not approve of the emphasis upon large-scale expropriation and the creation of a multitude of small holdings. It was his task, however, to complete a measure based upon principles he had always attacked.

The second land reform law for the Old Kingdom was promulgated on July 17, 1921. Although primarily concerned with allotting land and resettling the peasants, it also extended expropriation to obtain the 450,000 hectares lacking after the 1918 decree-law. Expropriation was now based on proprietors rather than properties, and the old sliding scale was abandoned in favor of a more elastic measure which took account of regional geographic differences and relative land hunger.[9] Land left to the proprietor was to be determined at once,

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7. R. W. Seton-Watson, *History of the Roumanians* (Cambridge, 1934), p. 551.

8. The attitude of the landowners at this time is shown in a circular distributed by the Union of Syndicates of Moldavian Landowners: "We, landowners, are firmly determined to oppose by all means, and especially by impeaching before the Court of Cassation, all those provisions of the decree-law of 1918, of the law for communal grazing, and of any future law or decree, which may conflict with the letter of the Constitution regarding the expropriation of land . . . To re-consecrate the intangible right of property, we demand that a law shall be passed which shall punish with hard labor for life whomsoever shall speak of expropriation again." Quoted in Mitrany, *op. cit.*, p. 114.

9. Land was left to the proprietors on the following basis:

	Land cultivated by owner (hectares)	*Land cultivated by owner with important capital investments (hectares)*
In highlands and hills	100	100
In plains, where demand for land was great	150	200
In plains, where demand for land was moderate	200	300
In plains, where demand for land was satisfied	250	500

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423 permitting the sale of small property, on certain conditions and after five years. Article 122, however, limited purchases to 25 hectares in the hills and 100 hectares in the plains.[11]

423 In general, the 1921 law was more carefully drafted than that of
● 185 1918 and did attempt to remedy some of the technical errors of previous legislation. The economic effects of these land reforms, which together were reported officially to have expropriated nearly 2,800,000 hectares of land in the Old Kingdom, will be discussed in a later chapter.[12] The acts of 1918 and 1921 were, however, essentially defensive political rather than economic measures. As Mihalache said in his critique of the decree-law of 1918,

> it is not the work of a social concept, not the response to a social ideal, not the work of conviction; under the threat of the events of 1917, it is the continuation of a series of land settlements on the model of 1881 and 1889, it is the over-simplified concept that a new equilibrium between large property and small property must be stabilized in order that there be future peace.

In his opinion, "The ruling class has made only such concessions as were necessary to assure its own existence. The reforms have been a kind of safety valve." [13]

The safety valve, however, was successful. Despite its very precarious position, Rumania passed through the revolutionary storm in eastern Europe without an overthrow of the established order. Several reasons explain this success. A decisive factor, doubtless, was the flexibility of the ruling groups. Notwithstanding the obduracy of many members of the landed oligarchy and in spite of efforts to avoid or delay the reform, the landowners did at least yield sufficiently to prevent an outbreak. Their recalcitrance between 1917 and 1921 was in inverse ratio to the amount of peasant unrest. Moreover, the king, although conservative socially, was able to take the correct
423 steps at two critical moments, in April, 1917, and in November, 1918.
185 Apart from the flexibility of the landowners, certain other forces
668 were at work. Among the Conservatives, the stronghold of the landed interests, there were such men as Garoflid who recognized the failings of Rumanian agriculture and desired to make thorough-going changes, though along lines different from those followed. In the

11. For subsequent modifications, in 1925 and 1929, of these provisions for sale, see below, p. 125 and pp. 156–157.

12. The difficult task of discovering just what the land reforms accomplished in redistributing property is discussed below, pp. 48–49, and in the Appendix.

13. Mihalache, *op. cit.*, pp. 5, 29.

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Liberal party, the primary interest was in the expansion of industry, commerce, and finance, and since 1913 the party had officially stood for expropriation. In several respects the Liberal position was unfortunate since it had neither the reforming zeal of the new Peasant party nor the Conservatives' interest in the improvement of agriculture. The Liberals tended to regard land as a bone to be thrown to the peasants when the howls of the latter seemed menacing or detrimental to the national interest. Such a view was apt to neglect the economic aspects of the agrarian problem and to reduce it to a question of finding more land for distribution. Nevertheless, this Liberal attitude did make for change. Finally, once the question of land reform became the order of the day, the mere pressure of politics led the parties, if only for electoral reasons, to make the appearance of favoring reform.

A second factor was that the land laws, despite delays and omissions, were sufficiently extensive to pacify the peasants. A great deal of land changed hands, and the Rumanian reform was the most far-reaching of all the postwar agrarian measures in eastern Europe (excluding Russia, of course).

A third factor was concern for the national interest, which, as noted above, has usually been of primary importance in determining Rumanian internal policy. Notwithstanding military defeats, enormous human losses, and devastation of land, Rumania emerged from the war a victorious power with doubled population and territory.[14] The mere fact of being victorious and having achieved the national aim of Greater Rumania undoubtedly served to mitigate social tensions. The parties were in agreement in glorifying and protecting the new national unity; since Rumania was surrounded by states from which it had obtained territory, the defense of the new frontiers was a major concern of all postarmistice governments.

The very violence of the Russian Revolution, particularly the Bolshevik Revolution, served to create an opposing reaction in Rumania, heightened by the territorial dispute over Bessarabia. The political parties, including the Peasant party, were exceedingly hostile to bolshevism, which became the ultimate term of abuse in political debates. Mihalache had been sent to Bessarabia during the war to carry on antibolshevist propaganda, and one of his appeals for a more extensive land reform was that in the future the peasants should not be tempted to look beyond Rumania's frontier on the Dniester for better conditions. Fear of Soviet communism was one of the cardinal fea-

14. The area of Rumania in 1915 was 137,900 square kilometers; in 1919, 294,000 square kilometers. Its population in 1913 was 7,625,000; in 1919, 15,500,000.

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423 185 668 tures of Rumanian policy for the next twenty-five years, and in the international councils Rumania was to stress its role as the European bulwark against bolshevism.[15]

175 423 ## *Agrarian Reform in the New Territories*

Thus far only the agrarian reform in the Old Kingdom has been considered, and it does provide the central thread of the agrarian question in the interwar period. But as a result of the war Rumania also acquired Bessarabia from Russia, Bucovina from Austria, and Transylvania from Hungary. The agrarian problems in these three provinces were different in several respects from that of the Old Kingdom; the separate laws passed for each of the provinces further increased the complexity of the Rumanian agrarian situation after the First World War.

1. BESSARABIA

Bessarabia, which had formed a part of the principality of Moldavia, was ceded by the Turks to Russia in 1812 at the Treaty of Bucarest, in return for the evacuation of the remainder of Moldavia and Wallachia.[16] Three southern districts were returned to Moldavia after the Crimean War, but reverted to Russia after the War of 1877. The population was predominantly Rumanian, though large numbers of Ukrainians and Bulgarians inhabited the southern districts. In the last decades of the nineteenth century the tsarist regime undertook to Russify Bessarabia but without marked success. The Moldavian boyars in Bessarabia were notoriously obscurantist, and the province was a "natural breeding ground of such movements as the Black Hundreds." [17]

15. F. Borkenau, in his study, *The Communist International* (London, 1938), p. 99, attaches great importance to the Rumanian agrarian reform in this connection: "The agrarian reform in Rumania was perhaps the strongest single obstacle that opposed the advance of Bolshevism towards the West. It was very far from solving all problems, even for the peasantry, but for a decade it took the sharp edge off them. Revolutionary trends among the proletariat remained, but the proletariat alone was nothing in Rumania, and revolutionism among its members was more of a convulsion than a clearly defined movement."

16. The current Soviet interpretation of this event appears to be that in the eighteenth century the Moldavian and Wallachian boyars had sought the incorporation of the principalities in Russia as the sole means of escaping the Turkish yoke. This act of liberation was taking place during the Turko-Russian war of 1806. The threat of Napoleon, however, forced Tsar Alexander to come to terms with the Turks, so that only Bessarabia was fortunate enough to be liberated and incorporated in the tsarist empire. See A. Dolnik, *Bessarabiya pod vlastyu Rumynskikh boyar, 1918–1940 gg.* (Moscow, 1945), p. 5.

17. R. W. Seton-Watson, *op. cit.*, p. 563.

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yield than the small peasant holdings,[39] though there appear to be no satisfactory statistics on this point.

On the other hand, defenders of the agrarian reform and small peasant properties have tended to assume that the Rumanian small holder was on his way to becoming an independent peasant proprietor, a doubtful assumption in view of the prevalence of dwarf holdings and the continued excessive cultivation of cereals. In 1937 G. Ionescu-Sișești and N. Cornățeanu upheld the reform and peasant farming on the following grounds:

The reform was an economic necessity under the conditions of devastation after the First World War; it was only by giving land to the peasants that they were induced to make the great effort necessary for agricultural recovery. Peasant farming became more intensive and less devoted to cereal cultivation. The peasant was better able to withstand agricultural crises, largely because the large farmer lacked his ability to reduce expenses and increase family labor. Finally, peasant agriculture should not be judged in terms of its contribution to the national income but by its ability to "assure the existence of the greatest possible number of citizens." It is therefore erroneous to "establish a comparison between peasant agriculture and the system of large property."[40]

The necessity of the agrarian reforms need not be argued, although they could be defined more convincingly as a social than as an economic imperative (i.e., the peasants would have refused to continue to work under the old system). It may also be true that peasant farming cannot be judged by narrow profit-and-loss accounting methods, since it is a manner of living as well as a form of livelihood. But Sișești's and Cornățeanu's supporting arguments do not appear relevant to the actual Rumanian situation. There is no indication that peasant cultivation did become to any significant degree more intensive and varied. The examples they give, taken from a survey of a number of farms between 1930 and 1934, to illustrate the viability of peasant farming are not representative but comprise farms well above the average size for Rumania. Hence the real problem of dwarf holdings is avoided. The argument that small holdings are more resistant to crises because the peasant is able to restrict his consumption and increase family labor is not altogether reassuring in face of the growing pressure of population, regardless of its dubi-

39. M. Gormsen, *op. cit.*, p. 46.

40. G. Ionescu-Sișești and N. Cornățeanu, *La Réforme agraire en Roumanie et ses conséquences* (Bucarest, 1937), pp. 42–53.

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ous merits from the point of view of social welfare. The effort to ignore the importance of national income as a criterion for judging the advantages of peasant farming is unrealistic, given the existence of a modern Rumanian state with its manifold requirements. Finally, for all their optimism, Sișești and Cornățeanu admit the serious menace of continued subdivision of the land and urge the creation of a "peasant bourgeoisie." They do not indicate, however, what is to become of the poor peasants displaced in such a creation except to appeal for a further expansion of a national industry. The appeal to national industry, as a *deus ex machina*, at once undermines the whole argument for the viability of the Rumanian peasant proprietor.

Actually, such discussions of the merits and defects of peasant agriculture have only a limited relevance in Rumania. For example, in a study of 275 peasant households made in 1938, it was discovered that in general both the gross income per hectare (the total agricultural product of the holding, whether consumed or sold) and the agricultural income per hectare (gross income minus expenses for agriculture—labor payments, inventory, buildings, seed, etc.) tended to be higher on the small (under 3 hectares) than on the larger holdings. This higher net yield would appear to substantiate the contentions of the advocates of small farming.[41] In fact, however, the majority of the small holdings in this investigation operated at a deficit because the consumption needs of the household, largely food and clothing, were greater than the farm could produce. Only 14 per cent of the holdings between 1 and 3 hectares had an agricultural income greater than consumption, whereas in 86 per cent of the cases consumption was greater. Only 30 per cent of the holdings between 3 and 5 hectares had agricultural incomes greater than consumption. On the larger farms, between 10 and 20 hectares, 59 per cent had an agricultural income sufficient to meet consumption needs.[42] Therefore, the relative net incomes of farms of different sizes were of less

41. This higher rate of agricultural income among the small holdings is not, as it might appear, in contradiction to the statement that the cereal yield is higher on large farms than on small. A much smaller proportion of the income of the small holdings is derived from cereals; most of it comes from the sale of animals, fowls, fruits, etc. This, however, does not really represent a turn to intensive farming, since it is conducted on a very primitive level and only reflects the dwarf holder's efforts to maintain himself at a subsistence level.

42. *60 Sate românești*, II, 292. It should be noted that this investigation did not include large farms but only peasant holdings up to 40 hectares. Moreover, the results of the investigation showed an extremely wide range of variation, both regionally and among farms of the same size. Hence, the sampling may not have been extensive enough to permit confident generalization.

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importance than the fact that the general level of productivity was so low that a great number of the small farms simply did not produce enough to support themselves.

The effect of the 1918–21 land reforms upon production is also obscured by the numerous other factors which worked to reduce output: the destruction caused by the First World War, the economic policy of the postwar governments, the agrarian crisis and the "price scissors" of the 1930's.[43] While one cannot dismiss the effect of the redistribution of land as of only historical interest, since the leading feature of the 1945 agrarian reform was a further expropriation of large properties, it should be stressed that the reforms of 1918–21 were passed because of a pressing political and social necessity for a redistribution of the land; they were not primarily designed to increase production, and whatever their effect upon yield, it should be regarded as incidental to the aims of the reforms.

In general, it seems fair to say that the redistribution of land in Rumania—except in so far as it contributed to a further extension of uneconomic strip farming—had only a marginal direct effect upon productivity. The decline in yield, even if it was caused by the expropriation of the large estates, was only a modest contribution to the generally low level of Rumanian productivity. A comparison with the yield per hectare in neighboring countries reveals that states with more extensive large properties than Rumania (Hungary and Poland) as well as states in which small holdings predominated (Bulgaria and Yugoslavia) all had a yield well below that of western and central Europe.[44]

If the reforms of 1918–21 failed to bring about a more efficient organization of Rumanian agriculture, what were the principal organizational defects which, by preventing the introduction of more rational techniques, maintained a low level of productivity?

A Danish agricultural economist, M. Gormsen, who came to Rumania in 1939 at the request of the Rumanian government, has made

43. For an extensive discussion of these factors and their effect upon productivity to 1930 see Mitrany, *op. cit.*, pp. 306–331.

44. Moore, *op. cit.*, pp. 35, 82.

	Per cent of land held in undertakings of over 50 ha. (ca. 1930)	*Yield in crop units per ha.*
Rumania	32.2	17
Hungary	51.3	21
Poland	47.3	18
Bulgaria	1.6	19
Yugoslavia	9.7	17
Europe (excluding U.S.S.R.)		24

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a useful distinction between "agrarian reforms," which affect the organization of farming, and "agricultural reforms," which seek to improve the techniques.[45] In his opinion the agrarian reforms must be applied first or the agricultural reforms will be fruitless. Moreover, agrarian reforms can be carried out only by some superior body, such as the state, as the result of a conscious act of decision, whereas agricultural reforms are more gradual and can be applied by the farmers themselves. Among the main agrarian reforms indispensable for a prosperous agriculture he would include:

1) The abolition of servile relations—binding the peasant to the land, forced labor, feudal property relations, tithes, and the common utilization of the land. This reform was achieved in principle by the emancipation of 1864.

2) The transformation of estate land into peasant land. This was largely achieved by the reforms of 1918–21. Gormsen feels that a further transfer would yield positive but limited benefits.

3) The consolidation of individual peasant farms and, as a corollary, the partial evacuation of the villages and the establishment of farmhouses on the consolidated holdings. Gormsen regards this as the most important reform still to be carried out in Rumania.

4) The limitation of divisibility and expansion of holdings, to prevent the undoing of consolidation.

5) The introduction of a land register, definite property demarcations, and enclosures if necessary.

Under agricultural reforms he would include all such measures as the rationalization of farming methods; soil, seed, and livestock improvement; organization of agricultural credit and cooperation; the development of experimental stations; and so on.

In Gormsen's opinion, the Rumanian governments between the wars made the very serious mistake of devoting all their attention to efforts, often quite expensive, to introduce agricultural reforms. These were of little permanent value so long as the necessary agrarian reforms had not been made. An example is the complete failure of attempts to establish agricultural credit and peasant cooperatives, which have been the perennial promise of every new Rumanian government.

An effective permanent system of organized credit for peasant agriculture in Rumania does not exist although a number of institutions have been created from time to time to that purpose, as a rule with the assistance of the state or the national bank, but they only worked for a

45. M. Gormsen, *op. cit.*

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from 2 to 10 billion lei (in quantity from one million to 2.2 million metric tons).

Two qualifications should be made however. The emphasis upon wheat exports and upon the improvement of quality was primarily for the benefit of the middle and large producer, though the maintenance of the price of grain did help agriculture as a whole. In the second place, as has been mentioned in connection with the depression, the premiums on wheat served to extend the area under wheat cultivation, in direct contradiction to the recommendations of agricultural experts, who continued to believe that "peasant agriculture should no longer limit itself, in imitation of the old system, to the culture of cereals; its success will come from a parallel development of the resources of the field and of livestock raising." [35] This contradiction, which shows the absence of any real coherence to the agrarian program of the Liberal government, had two obvious sources: wheat, for all its decline after the First World War, was important commercially and from the point of view of foreign commerce there was a strong incentive to support it. Moreover, the wheat growers were the larger farmers and were in a better position to make felt their wishes than were the small maize-producing peasants.

The government did, however, make certain efforts to increase the variety of agricultural production. The most elaborate was the creation, with the assistance of I. G. Farbenindustrie, of the "Soya" company, which was authorized to import soybeans, distribute them to cultivators, provide equipment, and purchase the entire crop for export to Germany. The area under this crop expanded rapidly, especially in Bessarabia: 1,465 hectares in 1934, 20,411 hectares in 1935, 58,037 hectares in 1936, and 102,000 hectares in 1937. The government through price guarantees and subsidies also furthered the cultivation of sugar beet, tobacco, rice, and textile plants.

These measures to diversify agriculture did not, despite all the publicity given to them, achieve very great importance. They were only a drop in the bucket compared with the vast area under peasant cereal cultivation, and their rate of expansion seemed unlikely to produce any general amelioration for a very long time. Moreover, the introduction of such industrial crops, whose main purpose—almost exclusively so in the case of soya—was for export, shows the persistent if natural effort to solve the agrarian question by a sort of legerdemain. The soybean had been an old favorite, and as early

35. G. Ionescu-Sişeşti and N. Cornăţeanu, *La Réforme agraire en Roumanie et ses conséquences*, p. 79.

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were initiated, at least on paper. The 1938 Constitution, by prohibiting any public discussion of redistribution of property, showed the regime's attitude toward further expropriation as a remedy to the agrarian question. During the interwar years the governments were accustomed to state that large estates had virtually disappeared through the reforms of 1918–21, but after 1938 increased attention was paid to medium and large properties.[4] In the law of December 5, 1938 (amended January 7, 1939) the government established a Bank for the Industrialization and Valorization of Agricultural Products (BINAG), one of the recurrent efforts to provide agricultural credit. It is to be noted, however, that by Article 6 of this law the main credit functions of this bank applied only to farms of over 5 hectares, thus overlooking the majority of the peasantry.[5]

The spirit of the regime is well shown in an article by the agricultural economist Valeriu Bulgariu,[6] who announced that King Carol, "the first farmer in the land," had plans to change completely the existing conditions in agriculture by a twofold effort to organize small farming on rational lines and to encourage owners of medium-sized estates to increase the area of their holdings.

> When the great land division took place after the war, the agrarian reform went too far. . . . It assigned land to a very large number of villagers, and as a result subsequent successive divisions had increased the excessive subdivision of land. Reaction was necessary, and to-day economists and sociologists are in favor of the concentration of scattered property, a policy adopted by the government and all its agents.[7]

The desirability of concentrating peasant holdings was no new discovery, and Carol's regime for all its new direction was not a bit more successful than previous regimes in doing anything about it. The policy of creating larger holdings, also no novelty, was faced as always by the difficulty of creating them without dispossessing peasants in the process. According to Bulgariu,

4. See, for example, Aureliu Lapedatu's article, "A Technical Study in Rumanian Cereals," *Correspondance économique roumaine* (April–June, 1938), pp. 1–28, in which the author discussed the manifest advantages of the large Rumanian farms in the use of technical equipment for rational cultivation.

5. The same thing is to be seen in the case of the cooperatives. According to A. Galan, "General Survey of the Co-operative Movement in Rumania," *Correspondance économique roumaine* (January–May, 1939), pp. 1–65, in 1939 one farmer in three was affiliated with one of the several agricultural cooperatives. Unquestionably the other two-thirds included the poorer peasants.

6. Valeriu Bulgariu, "Agrarian Policy in Rumania," *The Banker*, 49 (March, 1939), 344–348.

7. *Ibid.*, p. 346.

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● 135 The government seeks to facilitate the forming of middle-sized estates of about 10 hectares in area, making them indivisible so that there can be no relapse into sub-dividing. The State has taken to itself the right of acquiring any land which is for sale. It gives preference in its purchase and distribution of land to farms adjoining it, in order that small properties may be enlarged and concentration attained even through private purchase.[8]

The execution of this policy was assigned to BINAG. If property purchased through BINAG could not be sold as a whole within two years, it could be sold in lots of not less than 15 hectares. Sales could be only to Rumanian subjects who undertook to cultivate the land themselves. Such properties could not be broken up and had to be transferred in their entirety. Moreover, such estates could be inherited only as a whole by a single heir. To some extent this law is similar to the German *Erbhofgesetz* of 1933, although it was not as restrictive since it did permit the sale of the land.[9] The aims of this measure were reasonable enough but it was of little use to the small peasant and certainly showed greater interest in the medium holder.

Along with the emphasis upon larger holdings was a rather superficial government paternalism for the peasant. Some of the activities were of value. The studies of village life continued and in several instances produced extremely useful collections of information for an understanding of the agrarian question. The emphasis upon a sociological interpretation of Rumanian peasant life was beneficial in focusing attention upon the realities in Rumania and getting away from the application of quite unsuitable Western political and economic concepts to the local situation. From the scholarly point of view this was all to the good. As a political phenomenon it had a certain danger. Looking at one's fellow countrymen as objects for sociological investigation does not overcome the social chasm between the rulers and the ruled, but may merely put it on a more enlightened basis. It is certainly preferable to dismissing the peasants as "animals who can speak," [10] but it still regards the peasant as object rather than subject.

Other manifestations of Carol's paternalism were of value only in providing employment for his publicity agents. The shabby quality of

[113]

8. *Ibid.*, p. 348.

9. For a discussion of the problem of succession to agricultural property and of recent European legislation in this regard, see M. Tcherkinsky, "The Evolution of the System of Succession to Landed Property in Europe," *International Review of Agriculture*, 32, No. 6 (June, 1941), 165E–196E.

10. I heard this definition defended in dead earnest by a landowner in Bucarest in the winter of 1944.

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the social program of the regime appears in a speech delivered by Calinescu in January, 1939:

> Gentlemen, it is enough to look at all that has been done to improve our workmen's conditions of living. The improvement of the work contract, pensions for old age, new buildings, the organization "Work and Joy." All these were designed to give a social significance to the present regime. . . . Thus a regime with authority was able to accomplish in the field of work problems things which nobody could accomplish in the demagogic regime of the democracies. . . . Also we must point out the activity of social order undertaken amidst the peasantry. Cultural hostels which are intended to develop the sense of solidarity in spiritual and educational matters among the peasants have already given the most wonderful results. And the Social Service, established last year, is the very greatest action that has ever been taken to raise the level of the peasants.[11]

The regime also tried its hand at planning. In the autumn of 1939 it undertook to organize agriculture to guarantee a sufficient output for military and civil requirements. The Minister of Agriculture was required to prepare an annual crop plan, to provide necessary seed, and to requisition labor for farms. More ambitious was a five-year plan drawn up in March, 1940, for the rationalization and intensification of agriculture. The work of the 1921 land reform, which had been dragging on for nearly twenty years, was to be completed. The area under wheat was to be reduced by 800,000 hectares, that under maize by 500,000 hectares. Output, however, was to be maintained by a higher yield. Fallow ground was to be diminished by 300,000 hectares. The surplus area was to be devoted to the cultivation of oil-producing, textile, industrial, and medicinal plants. Vegetable cultivation was to be encouraged with a view to improving peasant diet. The plan also included a program of technical improvements, dam construction, irrigation, and drainage projects. Agricultural laborers were to be given fair wages and assured a decent diet; the price scissors between agricultural and industrial products was to be closed. In all, the plan envisaged spending 600 million lei annually. One cannot say what the plan might have achieved had Carol not fallen and if Rumania had not lost a third of its territory and become involved in the war.

11. Armand Calinescu, *Roumania, the Country of National Renaissance and of Royal Revolution* (no pub., n.d.), a translation of a speech delivered in the Chamber of Deputies on January 28, 1939.

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dustrial economy. Indeed, German economists commenting upon the 1939 agreement argued that Rumania should not undertake a further drive toward industrialization until the state of economic advance called for in the agreement was reached. In fact they claimed that under exchange control the industry of southeastern Europe had developed to such an extent that it had reached the saturation point and that control of investment was necessary.[19]

The agreement did, however, provide for the creation of industries preparing foodstuffs and raw materials for export and also for the development of railways and the armamants industries. That is, the Germans favored industries "organically" connected with Rumania's natural resources but were opposed to the expansion of secondary industry.

It is not necessary to point out the obvious advantage to Germany of this policy nor to go into the array of arguments which Hitler's economists employed to carry their point. But from the Rumanian side one very curious paradox arises, precisely the kind of paradox which runs throughout the history of Rumanian economic policy. The German policy, as shown in the March, 1939, agreement, resembled in many respects that of the National Peasant party and was in definite opposition to the industrial policy of the pro-Axis Manoilescu and of the Carolist regime. This opposition appears quite explicitly in an article by Ernst Wagemann, director of the German Institute for Business Research.

Wagemann, one of the most ardent advocates of Germany's destiny in the Balkans, was quite critical of Manoilescu's economic theory, though not on traditional grounds of free trade.[20] He regarded Manoilescu's policy as doubtful in practice because of the lack of consumer purchasing power in Rumania. Moreover, Manoilescu's emphasis upon increasing labor productivity would intensify rather than improve the problem of surplus population. "For the more labor-productive an industry is, the more capital and the fewer workers it needs . . . The solution of the overpopulation problem is to be sought least of all in the development of highly technical and strictly rationalized or, as Manoilescu says, 'labor productive' industries." [21] Wagemann recommended intensification and diversifica-

19. German Institute for Business Research, *Weekly Report*, Nos. 13–14 (April 6, 1939), p. 42.

20. Ernst Wagemann, "The Pressure of Population as an Economic Force," German Institute for Business Research, *Weekly Report*, Nos. 25/26 and 27/28 (June 29–July 14, 1939). This article is a translation from Wagemann's book, *Der neue Balkan; altes Land, junge Wirtschaft* (Hamburg, 1939).

21. *Ibid.*, Nos. 25/26, p. 3.

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185 tion of agriculture, which would increase yield, diminish surplus population, and, incidentally, supply Germany with agricultural products. As for industry,

> in the Balkan countries the point has not yet been reached where industrial plants can be developed with the resources available within the country. . . . Industrialization must be limited at first to those industries which make use of domestic raw material. Germany, the most important trade partner, can in the long run deliver industrial products, but not raw materials such as cotton. If industrialization includes the first processing of agricultural products and the smelting of mining products, the export is assured.[22]

While Madgearu's appraisal in 1940 of the 1939 agreement may have been cautiously phrased for political reasons, it probably reflects his views. His chief reservations concerned the manner in which the agreement might be carried out but not the principles of the agreement. He was worried lest wheat, which did not receive preference in the agreement, might suffer during the period of reorganization, although he was always in favor of reducing the production of cereals in Rumanian agriculture. More particularly, he was afraid that the system of assuring prices and markets for the peasants cultivating the new specialized crops might—if the peasants were unable to defend themselves through cooperative organization—be to their ultimate disadvantage, since the purchasing societies, which had a monopoly, could dictate prices. Here, of course, he showed a quite realistic awareness of the way in which the best laid plans were usually carried out in Rumania. He also expressed some concern lest the mixed German-Rumanian companies transfer all the benefits to Germany, the stronger partner. Finally, he was not pleased with Ger-

22. *Ibid.*, Nos. 25/26, p. 3, and Nos. 27/28, p. 8. There are several flaws in Wagemann's line of argument. His criticism of Manoilescu's theory in terms of the overpopulation question, or of unemployment, is not relevant to Manoilescu's thesis. Moreover, as Wilbert Moore (*Economic Demography of Eastern and Southern Europe*, p. 115–118) points out, diversification of agriculture also requires increased capital and an improved market structure. While Wagemann attacks Manoilescu's industrialization as failing to solve the overpopulation problem, Moore quite correctly shows that Wagemann's program for increasing agricultural output would scarcely compensate for the growth of population. Wagemann estimated that agricultural production in the Balkans could increase by 50 per cent in the course of a generation. Moore, however, shows that with Rumania's rate of population growth the per capita production in Rumania, using as a base European per capita production, 1931–35 = 100, would rise only from 48 to 55, hardly enough to justify Wagemann's rosy predictions. Moore's conclusion is, I believe, justified: "Wagemann's 'analysis' . . . follows from the official policy and not from a scientific appraisal of the facts."

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many's increasing monopoly over Rumanian trade and hoped to keep the door open for other markets.[23]

Apart from these important qualifications, however, he expressed his approval of Germany's program for Rumania, the intensification of agriculture, the creation of agricultural industries, and the establishment of mixed companies for mining and petroleum. In general, he seems to have regarded Rumania's increasing economic ties with Germany as largely in the nature of things and only secondarily as a result of policy: "This situation is not so much the result of a crystallization of policy as a change in the structure of the Rumanian economy, which gradually with the advance of the process of industrialization diminished the degree of complementarity with a series of countries and increased it with regard to one alone—Germany."[24]

Although it may seem surprising that the German policy embodied in the agreement of March, 1939, should have more in common with the economic aims of a National Peasant than with a pro-Axis corporatist, the reason is obvious. The National Peasants, believing in economic interdependence and the international division of labor, disapproved of fostering Rumanian industry at the expense of agriculture.[25] Germany, for its own reasons, desired the Balkans to increase their agricultural production and to stay away from secondary industries. On the other hand, Manoilescu's industrial ambitions were unwelcome to the Germans because of their similarity to German aims, a case of like poles repelling. This antagonism arising out of an attempt at similarity is a characteristic of Rumanian history. The earlier effort of the Liberals to emulate the West had led to the economic xenophobia of the Brătianus.

The success of the German-Rumanian agreement could have been measured only after a number of years of peaceful development; it may be doubted whether the results anticipated could have been achieved in the five years of the agreement. But such a peaceful period was not to be granted. In the year after the inauguration of the five-year plan Rumania had lost one third of its territory, Carol had fled the country, and Marshal Antonescu had joined Hitler's war against the Soviet Union. The territorial losses alone severely disorganized the economic program. By the loss of Bessarabia, Northern Bucovina, Northern Transylvania, and Southern Dobrogea Rumania was deprived of 34 per cent of its total area, 37 per cent of the arable land,

23. Madgearu, *Evoluția economiei românești*, pp. 372–374.

24. *Ibid.*, p. 301.

25. For somewhat analogous reasons, at the time of the First World War several Rumanian populists had been pro-German because they saw Germany as the industrial complement to Rumania's agrarian society.

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311 433 44 per cent of the forest land, 27 per cent of the orchards, and 37 per cent of the vineyards. Of the area devoted to wheat (as of 1939) it lost 37 per cent, to maize 30 per cent, to sunflower 75 per cent, to hemp 43 per cent, and 86 per cent of the area devoted to soya. The regions, chiefly Bessarabia, in which the new industrial crops had been most intensively cultivated were lost. Finally, the whole economy was put on a war footing, first for Germany and then for Rumania itself.

185 433 Notwithstanding all Carol's laws and decrees, no real solutions were found to the agrarian question. It is illuminating to look through the volumes of the *Enciclopedia României*, published in the last years of Carol's reign as a monument to the Rumanian rebirth. Amid all the fanfare of Rumania's marvelous progress and glowing future, the articles on agriculture and land tenure strike a discordant and often deeply pessimistic note.

To be sure, the trend in the 1930's was toward increasing industrialization as the solution to Rumania's economic difficulties, and in the long run, had the war not intervened, this might have brought beneficial results even to agriculture. As it was, however, much of the industrialization was achieved at the expense of agriculture, and for all its expansion it was neither bringing agriculture any great technical improvements nor beginning to absorb the excess agricultural population. The five-year plan and the laws to rationalize land tenure and consolidate holdings might have provided a healthier foundation for agriculture had they been carried out conscientiously, but there is little evidence that they meant anything more than many previous legislative acts which clutter the Rumanian statute books. It is doubtful whether the peasant would have benefited greatly from a plan ordained by divine providence if it had been left to the Carol administration to execute it. With all its attacks on "outworn" parties and its praise for the younger generation, the Carol dictatorship lacked the stature to be a modernizing dictatorship along the lines of Kemal Ataturk's regime. The new German orientation might have benefited Rumanian agriculture, but given the power relations it is more likely that Rumania would have become the object of an efficient colonial policy.

654 Among the social studies undertaken in the period of Carol's dictatorship there was one which makes a fitting conclusion to the Carolist period, and indeed illustrates the failure to master the agrarian question during the interwar years. In the summer and autumn of 1939 a Rumanian research team made a field study of the *plasă* (an administrative unit in a judeţ) Dâmbovnicul, in the south of the

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aged by five trustees; the Ministry of Agriculture was to supervise its business transactions, and technical and administrative control lay in the hands of the chief of the agricultural district. Members were obliged to conform to the requirements of the government crop plan. It was reported in 1944 that about 200 such associations had been established.[19]

This law did not really represent anything new in Rumania but was merely one of the various measures which had been applied from time to time to overcome the agrarian impasse. It represents, however, a somewhat different approach from that emphasized by either the National Peasants or the Carolist dictatorship. The National Peasants had placed greatest stress upon credit, cooperatives, and diversification of production, with a view to creating the small peasant on the Western model. The Carolist regime, in its activities of 1938 and 1939, was aiming at consolidation and the creation of middle properties. The law of 1942 was an attempt to improve the situation on the basis of existing circumstances, of utilizing in the most efficient way possible the uneconomic system of land holdings. To be sure, all the approaches overlapped somewhat, but in a way the 1942 act was a bridge to the agricultural policy of the post-1945 government.

The Germans, for their own reasons, were anxious to develop Rumanian agriculture as part of the economy of the new order, although their estimate of what could be achieved in Rumanian agriculture was relatively modest. A wartime analysis by some German experts[20] presented a very dismal picture of Rumanian farming as of 1940. According to their report the principal difficulties lay in the low yield resulting from the small size of the majority of the holdings (they noted that most of the large properties were cultivated in metayage) and in the inadequacy of the transport system, both the general network and the village roads. They doubted whether agriculture itself

19. Otto von Franges, "Agricultural Labour Communities in South Eastern Europe," *International Review of Agriculture, 35* (January–February, 1944), 22E–32E. Von Franges was heartily in favor of these associations, of which similar types had been established in Bulgaria and Yugoslavia. In his opinion they corresponded to traditional labor associations of the Balkan peasants and showed an admirable balance between individualism and collectivism, between control and liberty. He sharply contrasted these associations with agricultural cooperatives. The latter, while having a useful function, were obliged to neglect the poorer peasant. The associations, he felt, were the only possible compensation for the fragmentation of peasant properties and the only means of obtaining a decent improvement of productivity until the slow process of consolidation could take place.

20. H. L. Fensch and O. Thiel, *Rumänien, Untersuchung über die Betriebs- und Ernährungswirtschaftlichen Verhältnisse der Landwirtschaft.* (I have seen only a manuscript Rumanian translation of this study.)

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was in any position to remedy either of these defects. They had hopes, however, that measures—such as those taken in 1942—of compensating for inefficient small holdings by means of common use of machines, purchase of seed, and organization of sale could bring some improvements. They believed that under existing circumstances it would be possible to increase agricultural production by 25 per cent over ten years and that some 40 per cent of the surplus of cereals and vegetables would be available for export to Germany.

The actual course of Rumanian agriculture during the war showed no such progress. The area devoted to cereals fell appreciably between 1940 and 1943 because of the labor shortage, the decline in livestock and equipment, and the price controls which held cereal prices well below industrial prices.[21] Yields fell off in the principal grains, maize and wheat. The total production of cereals dropped from a 1935–39 average of 75.7 million quintals (for the area as of January, 1941) to 61–64 million (38 million in 1942 following an exceptionally severe winter).[22] Because of war needs the area devoted to industrial and food crops increased, in most cases as the result of government support and crop plans. It was still very small, however, compared with that under cereals. In livestock the greatest reduction, as was to be expected, was in horses; cattle increased somewhat; sheep, goats, and pigs remained about the same.

The number of draft animals declined by one-third, though the most serious fall was between 1943 and the beginning of 1945; that is, at the time of the final military collapse when both German and Soviet troops were on Rumanian soil. There was a notable increase in the number of tractors (from 4,170 in 1940 to 8,340 in 1943 and 8,178 in 1945), although in the opinion of the Central Institute of Statistics it did not compensate for the decline in draft animals which were the only feasible form of traction on the small strip farms.[23]

21. Area devoted to cereals, 48 judeţe (area as of January, 1941):

	Millions of hectares
1935–39	7.4
1940	6.8
1941	6.6
1942	6.4
1943	6.6

Source: Institutul Central de Statistică, *Statistica agricolă a României în 1941–1944* (Bucarest, 1947), p. xiii.

22. According to the Central Institute of Statistics, *ibid.*, p. xv, the recorded figures for production may have been well below the actual production because of extensive and often irregular army requisitioning; the wheat crop may have been underestimated by 20 per cent, the maize crop by 10 per cent.

23. Institutul Central de Statistică, *Statistica agricolă a României, Vol. V, Inventarul agricol în Anul 1945* (Bucarest, 1947), p. 14.

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433 The inventory of other agricultural equipment was more or less sta-
241 ble or showed a slight decline.

● 185 For all the controls and economic collaboration with Germany the Antonescu dictatorship appears to have accomplished nothing for Rumanian agriculture. The relative improvement, at least in terms of total production, which had appeared after the depression was broken by the war. The position of peasant agriculture was clearly deteriorating, and the industrial boom, arising mainly from war demands, was not an adequate compensation.

Although pessimistic voices could be heard in the Carolist dictatorship, the official attitude was optimistic. During the war years, however, there was increasing concern over the manifest failure of Rumanian agriculture to show any improvement. The agricultural census, taken in the spring of 1941, provided ample evidence of the unsatisfactory situation of the peasant. The veteran agricultural economist, Ionescu-Sișești, who had been writing confident articles throughout the interwar period, was quite gloomy in 1943.

> It was anticipated that such a gigantic transformation of property [the 1918–21 reforms] would keep the peasant class in a state of equilibrium for a long time and that the country would benefit from a long period of prosperity because of the distribution of land to the peasants. Unhappily this hope has not been completely realized. Today, when all the claims of the peasants appear satisfied, and there is nothing left to distribute—since a minimum of large and medium property is indispensible—a new peasantry is appearing which threatens to take on a grave character if measures are not adopted in time. The very rapid growth of the population and the advanced fragmentation of properties are engendering this crisis.[24]

His recommendations, however, were largely a recapitulation of the various measures which had been legislated, if not applied with any consequence, in the 1930's: exerting the state's right of preemption, preventing subdivision of properties below a certain minimum, encouraging consolidation, and creating larger colonization holdings. If such steps were taken, he said, "the peasantry will be divided into two categories: on the one hand, peasant proprietors with holdings of an adequate size, on the other, a class of agricultural workers living on the product of their labor on the farms of others.[25] Ionescu-Sișești's hopes were not to be realized. Within a year and a

24. G. Ionescu-Sișești, "Le Nouvel Aspect du problème agraire en Roumanie," *Archives pour la science et la réforme sociales, 16*, Nos. 1–4 (1943), 263.
25. *Ibid.*, p. 267.

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half the Communist party was in power and the last thing it wanted was such a "Stolypinist" situation in the countryside.

From the point of view of dramatic unity, the Antonescu dictatorship would make a convenient terminal point for recent Rumanian history, as the last act of a rake's progress. With a state encompassing virtually all Rumanians, a new constitution, and an extensive land reform, Rumania had entered the interwar period full, it seemed, of high promise. The promise had not been fulfilled, democracy did not flourish, the peasantry remained poor but prolific. The constitutional regime was replaced by a royal dictatorship and then by the *Walpurgisnacht* of the Iron Guard. Finally, Rumania was swept into the war to join Hitler's crusade. History, however, is no respecter of dramatic unity but persists in its devious course.

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000 ier peasants. As a matter of fact, both these contentions were true to a certain degree, as has been seen above in Chapter 3. But the Communists greatly exaggerated the extent both of large estates and of differentiation, and their statistical efforts to prove their point were either inaccurate or patently false.[35]

829 241 185 The adoption of the Popular Front in 1935 led to a corresponding modification in the Communist agrarian policy. While ultimate aims of socialism were not renounced, a distinction was drawn between socialist reforms and reforms designed to restore democracy. The militant revolutionary note of the early pronouncements was dropped. The new policy appears in Lucreţiu Pătrăşcanu's study of the basic problems of Rumania, *Problemele de bază ale României*, written during the war but showing the influence of the Popular Front tactic. Pătrăşcanu was no proletarian but the son of a socialist intellectual and himself a lawyer. He was not Moscow-trained, and while his writings were based upon Lenin, they have a certain Western outlook. He led the Rumanian Communist party in 1944, was Minister of Justice in the coalition governments and in the Groza cabinet until the beginning of 1948. His influence in the party diminished steadily after the return of the comrades who had been in Moscow, and he was eventually discharged from his position because he had become "the exponent of bourgeois ideology and detached himself from the masses and from the ideology and principles of the working class."

Much of Pătrăşcanu's analysis of the Rumanian agrarian problem is sound and illuminating, although on many points of fact he obviously relied on the information compiled by the National Peasant economist Virgil Madgearu. He was fully aware, of course, of the unhealthy state of Rumanian agriculture, the persistence of extensive cereal cultivation and low level of productivity, the failure of the 1918–1921 land reforms to establish a prosperous peasantry, the persistence of metayage and other semiservitudes, the proletarization of the poorer peasantry, and the inability of a great number of Rumanian peasants to support themselves on their meager holdings. In trying, however, to adapt this promising material to perfect Marxist-Leninist categories he overtaxed the evidence; he exaggerated the failure of the 1918–1921 reforms to equalize land holdings, he probably gave too much importance to the differentiation between the poor and the rich peasants, and in attempting to demonstrate the

35. Two such examples are S. Timov, "Wird Rumänien agrarsiert oder industrialisiert?" *Agrarprobleme*, International Agrarinstitut Moskau, Band 2, Heft 2 (1929), pp. 310–346; and Tatarow, "Die Agrarkrise in Rumänien," *Agrarprobleme*, Band 4, Heft 2 (1931), pp. 44–80.

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prevalence of agricultural laborers he definitely mishandled his statistics.[36]

Pătrășcanu was at his best in showing that the optimistic statements of official Rumanian spokesmen during the interwar years were altogether unjustified, and at his worst in reducing the agrarian question to an oversimplified formula. He was too intent upon proving that all difficulties could be laid at the door of Rumanian capitalism, with the support of the moribund but sinister boyar class. There is of course a certain amount of truth in this contention, but it served to distort his analysis. For example, "overpopulation" as a cause of economic misery was obviously unwelcome to him since it put the blame outside the realm of political economy and made it an act of God. He was correct in maintaining that Rumanian officialdom had all too eagerly seized upon overpopulation in recent years as a perfect scapegoat for the prolonged failure to improve agriculture, but it cannot be written off as an unimportant factor. Pătrășcanu, however, felt obliged to attack it and devoted considerable attention to destroying the "myth" of overpopulation. He distinguished, quite properly, between absolute or biological overpopulation and an overpopulation resulting from economic circumstances. In his view there were three principal causes of this relative, or economic, overpopulation:

1) the existence of large properties, whereby 25,000 families held a quarter of the arable land, thus depriving hundreds of peasants of the possibility of creating a holding (according to the 1930 census 25,000 exploitations of over 50 hectares occupied only 18.8 per cent of the arable surface);

2) under semiservile conditions labor was intensively exploited; consequently one man was driven to accomplish the work on a piece of land which normally would provide a living for three;

3) the extensive use of women and children in place of men on boyar estates produced the appearance of overpopulation.

While these conditions, all of which he associated with the existence of large properties, doubtless had some effect—especially the first—they were certainly not the major reasons for Rumanian agrar-

36. Virgil Madgearu (*Evoluția economiei românești*, p. 358), making use of some calculations of the agrarian economist Roman Cresin, stated that while small cultivators under 5 hectares had an excess of labor power, middle and large properties required additional labor, evaluated at 190 million days a year. Of this, 40 per cent (around 371,300) was undertaken by paid agricultural laborers, and 60 per cent represented supplementary work performed by the families of small proprietors. Pătrășcanu, however (*op. cit.*, p. 85), took this figure of 40 per cent of paid agricultural laborers, equated it with the fact that 40 per cent of the arable land in Rumania in 1930 was in holdings over 10 hectares, and gave the quite unjustified impression that in effect agricultural laborers were responsible for the cultivation of all land over 10 hectares.

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●185 ian overpopulation after 1921. Moreover, he granted that Rumanian
241 strip cultivation and dwarf holdings led to overpopulation because of their economic inefficiency but he went on to say:

> The solution of this aspect of the Rumanian agrarian question cannot be achieved in the framework of small properties, nor in the framework of private property in land. It cannot find a solution either in individual or isolated fashion, but involves structural transformations which concern the whole of Rumanian society, hence far past the restricted limits of the agricultural sector properly speaking.[37]

In a word, for all his criticism of the "myth" of overpopulation Pătrăşcanu really provided no convincing evidence that it was not a real problem, nor could he. This point is important, because the propaganda for the subsequent 1945 agrarian reform was obviously based on similar premises.

In his proposal of remedies, he limited himself to immediate reforms, which were not socialist but which were intended to rid Rumania of fascism and restore a constitutional bourgeois society. For agriculture he advocated the complete expropriation of large properties over 50 hectares, the abolition of servile labor relations, the resettlement of landless peasants and peasants with insufficient land; distribution to the peasants of livestock and equipment obtained from the expropriated estates; cancellation of peasant debts to the banks and to the state. Other economic measures included the nationalization of the Rumanian Bank and the consolidation of the banking structure; state control over cartels and the nationalization of certain combines; an eight-hour day for labor, minimum wages, social security, and protective legislation. For a Communist it was certainly a minimum program.

In explaining this program, Pătrăscanu relied upon the ideas of Lenin of 1900. The whole of the peasantry—while carrying within itself the latent conflict between poor peasant and the kulak—was the adversary of large property, although for a number of different reasons. In some European states peasant solidarity was no longer possible, but in Rumania there still remained a substantial antiboyar spirit common to poor and rich peasant alike.

The Agrarian Reform of 1945

241 Rumanian agriculture was disorganized after the defeat of 1944,
423 although as always the very backwardness of peasant farming re-
185 duced the shock. The war had depleted stocks of grain, draft animals,

37. Pătrăşcanu, *op. cit.*, p. 105.

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and equipment. There had been fighting during the spring and summer over a wide strip of Moldavia, and less extended fighting was going on in Transylvania. The German army had retreated, the Red Army had marched through the country. There had been a considerable dislocation of population, and many landowners had fled from their estates in Moldavia and Bucovina.

Despite these unsettled conditions there was initially very little peasant action. There were cases of peasants taking land, primarily from absentee owners or those who had fled the Russian advance. But as late as January, 1945, at Botoşani in northern Moldavia—a region bordering the Soviet Union and which had been under Soviet control since the preceding spring—an agreement was reached, with the approval of the local Soviet commander, whereby landowners who had left their estates could return to them, provided they agreed to operate them personally and not as absentees.[38]

When the National Democratic Front began its drive to power in February, 1945, the calm was broken. In September, 1944, the Rumanian Communist party had put forward a demand, incorporated in the program of the National Democratic Front, for the expropriation of land over 50 hectares. Even before Groza and the Communists came into office peasant committees in the villages began taking over large estates. While this display of zeal, in most instances initiated by local organs of the Ploughmen's Front, was authentic in the sense that it corresponded to the primordial land hunger of the Rumanian peasant, it in no way reflected a revolutionary situation. The peasants in the winter of 1944 were not in a gay frame of mind; they were poor, heartily sick of the war which had cost many of them their sons, not to speak of their horses, cattle, and equipment. They were tired of troops—German, Russian, and Rumanian—marching by and requisitioning. They did not like the old order, they hated the local gendarmes but they were not in a revolutionary frame of mind. They welcomed land but they were not in a rick-burning mood.[39] The premature seizures of land before any law had been passed were merely part of the mock revolution the National Democratic Front was undertaking.

One of the first acts of the Groza government after its tumultuous rise to power was to promulgate a decree-law, on March 22, 1945, for a land reform.[40] According to Article 1 of this law, "Agrarian reform

38. This may seem surprising, but I saw the agreement in the prefecture at Botoşani.

39. Such at least was my impression after traveling though some 30 judeţe in December and January, 1944–45.

40. A text of the law is given in a pamphlet published by the Rumanian Ministry of Information, *La Réforme agraire en Roumanie* (Bucarest, November, 1946).

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is a national, economic, and social necessity for our country. Rumanian agriculture should be based upon sound and productive farms, which are the private property of those who cultivate them."

The stated purposes of the reform were:

a) the enlargement of the cultivable area of existing peasant farms which were less than 5 hectares;

b) the creation of vegetable gardens in the environs of cities, for workers, civil servants, and artisans;

c) the creation of new individual private farms for agricultural laborers without land;

d) the use of certain land for model farms and experimental stations, to be administered by the state.

The following land was to be expropriated:

a) all properties belonging to German citizens and to Rumanian citizens of German ethnic origin who had collaborated with Hitler Germany;

b) the properties of war criminals and those responsible for the "disaster of the country";

c) properties of those who had fled to countries with which Rumania was at war and of those fleeing after August 23, 1944;

d) the land of absenteeists (excluding persons on official business abroad, or absent by necessity, or workers who had gone abroad and who had less than 10 hectares);

e) properties of those who during the last seven years had not cultivated the land themselves (excepting those with less than 10 hectares);

f) properties of those who had volunteered to fight against the United Nations;

g) mortmain lands;

h) lands of private owners in excess of 50 hectares, including arable, orchards, meadows, ponds, marshes, and inundated land. The proprietor was permitted to select which 50 hectares he was to retain but it had to be in one place. Multiple properties and properties of husband and wife were considered as one.

All tractors, threshing machines, sowing machines, and combines found on expropriated land were to pass to the state for the creation of agricultural machine stations. Other equipment and livestock was to go to the state for redistribution to the peasants. Expropriation of inventory and livestock was to be in proportion to the amount of the proprietor's land expropriated.

The law exempted from expropriation rice fields, church and monastic properties, crown lands, and lands belonging to certain specified

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cultural and philanthropic institutions, urban communes, and co-operatives.

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The mayor of each commune was directed to call a general assembly of all peasants having less than 5 hectares. This assembly was to elect a local committee of 7–15 members. These committees, whose actions were to be coordinated by a district committee operating with the Ministry of Agriculture, were to draw up lists of land to be expropriated and of peasants who were entitled to receive land.

Priority in the distribution of land was as follows:

a) cultivators mobilized in the anti-Hitler war;
b) widows, orphans, and invalids of this war;
c) widows, orphans, and invalids of any war;
d) landless peasants;
e) agricultural laborers and peasants who had worked on the land expropriated;
f) peasants with less than 5 hectares.

A necessary condition for all categories, however, was that the recipient lack 5 hectares of land.

Expropriation was without compensation. The price of the new lots was to be equal to the annual average harvest of one hectare, that is, 1,000 kilograms of wheat or 1,200 kilograms of maize. The new proprietors were to pay immediately in money or in kind 10 per cent of the purchase price, the remainder to be paid in ten years for peasants with little land and in twenty years for landless peasants. Landless peasants could obtain a three years' moratorium on the payment of their first installment.

Holdings created under this law could not be divided, sold, leased or mortgaged, either in whole or in part, except in certain special cases, with the authorization of the Ministry of Agriculture. The new land was received without obligations.

Lands expropriated and divided before the promulgation of this law were to be made to conform with its provisions.

By a subsequent administrative regulation certain large properties could be exempted from expropriation, if they were well-organized enterprises, suitable to serve as model farms under the direction of the Ministry of Agriculture; even these farms, however, were not to exceed 150 hectares.

For a number of reasons it is difficult to ascertain the results of the law in terms of the redistribution of land. Expropriation began before the law was promulgated, and although the irregularities in its application were not as great as some of the dispossessed landowners made out, there was a good deal of uncontrolled seizure and redistri-

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bution. A reform carried out so brusquely and through the agency of local peasant committees was bound to be a hectic procedure and not likely to be very accurately recorded. As has been mentioned already the statistics on the 1918–21 reform, even those presented officially, were far from accurate, and there is no reason to believe that the figures on the 1945 reform are a bit more reliable. Indeed, it is quite obvious that some of the figures were rigged for political purposes.

As of January, 1947, according to official announcement, 1,443,911 hectares had been expropriated under the 1945 reform from 143,219 proprietors; 1,057,674 hectares had been distributed to the peasants and 387,565 hectares held as state reserve. Of the 1,114,888 peasants having claims, 796,129 had received land.[41] The average area expropriated was only 10 hectares. Of the number of peasants having claims 72 per cent received land. The average amount received per peasant was about 1.3 hectares. In magnitude this reform—if the figures are at all comparable—by no means equaled the 1918–21 reforms. For roughly the equivalent area (i.e., minus Bessarabia, though including Northern Bucovina and Southern Dobrogea), the first reform had expropriated 4,312,911 hectares, 2,824,962 hectares had been distributed to 1,036,367 peasants, an average of 2.7 hectares per peasant.

The regional results of the 1945 reform correspond to the nature of the terrain, with the notable exception of Transylvania. In the mountainous overpopulated areas the average allotment was very small: 0.6 hectares in the Moldavian Carpathians, 0.7 hectares in the Wallachian Carpathians, and 0.5 hectares in Bucovina. In Dobrogea, which was relatively sparsely settled, the peasants received an average of almost 3 hectares. An interesting feature of the reform is that while in most of the regions the average area of land expropriated was relatively large (over 130 hectares in the Moldavian Plain, 111 hectares in the Danube Plain, 57 hectares in Dobrogea, and 58 hectares in Bucovina) the average area expropriated was only 5.5 hectares in the Transylvanian Plateau and 5 hectares in the Tisa Plain. Of the total number of expropriations over nine-tenths were in Transylvania, although the area expropriated in that province was only about one-half the total. Clearly this meant the expropriation of numerous properties well under 50 hectares and presumably reflects the forced reduction of the German communities in Transylvania.[42]

41. Institutul Central de Statistică, *Communicări statistice, Nr. 17, 15 martie 1947* (Bucarest, 1947), p. 9.

42. The extensive German settlements in Transylvania, many of which had been there

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In January, 1948, the Statistical Institute of the new Rumanian People's Republic undertook an agrarian census to ascertain the distribution of land after the 1945 reform. Unfortunately, this census does not permit satisfactory comparison with that of 1941. It presents a table, comparing the number of agricultural exploitations in the various categories of size for 1941 and 1948, which shows, as might be expected, a decrease in the number of dwarf holdings under ½ hectare and of large holdings over 20 hectares, and a marked increase in the number of exploitations between 1 and 5 hectares. However, since the amount of area occupied by these categories of exploitations is not given and it is unclear whether the same types of land (especially forests and pastures) are included in both cases, the comparison is not very illuminating and may be misleading.[43] It was obvious, however, that the land reform of 1945 did not, as it could not, create a nation of prosperous small-holders. Indeed, the conclusion reached as to the size of Rumanian exploitations has a very familiar ring: "If 3 hectares represents in general the minimum lot necessary to sustain by farming a household of 4 persons, then more than half of the agricultural exploitations of Rumania fall short of this level and are obliged to have recourse to outside income."[44] To be sure, this sour note was not the one prevailing in 1945 and 1946, when the reform was being pushed through, but anticipated the new agrarian line taken up in 1948.

In judging the 1945 land reform, it is necessary to realize, however, that it was not a Rumanian reform but had its sources in the Soviet Union, and that its immediate aims were political not economic.

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for hundreds of years, were greatly reduced by the wholesale transfer of nearly the entire able-bodied population to the Soviet Union in the winter of 1944–45. Undoubtedly a high percentage of the Germans had been actively pro-Nazi, but the Soviet order paid no attention to any such criteria.

43. Number of agricultural exploitations (excluding Northern Transylvania):

		1948		*1941*	
Size of exploitation		*Number*	*Per cent*	*Number*	*Per cent*
Total		2,596,900	100.0	2,303,472	100.0
0–½	hectare	190,169	7.3	277,500	12.0
½–1	"	246,016	9.5	213,088	9.3
1–3	"	933,383	35.9	760,700	33.0
3–5	"	604,540	23.3	441,213	19.2
5–10	"	462,607	17.8	449,716	19.5
10–20	"	122,262	4.7	116,537	5.1
20–50	"	26,607	1.0	27,845	1.2
Over 50	"	11,316	0.4	16,873	0.7

A. Golopenţia and P. Onica, *Recensământul agricol din Republica Populară Română, 25 Ianuarie 1948. Rezultate provizorii*, Institutul Central de Statistică (Bucarest, 1948). For further details of the 1948 census see the Appendix. It appears that a good deal more land was included in this census than in 1941.

44. *Ibid.*, p. 18.

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The Change in Economic and Agrarian Policy

185 With regard to economic policy, the first two years after the war might be regarded as an induced and foreshortened NEP; not a retreat from war communism as the Soviet New Economic Policy had been, but, in form at least, the creation of a transitional economy between the older Rumanian capitalism and the drive toward socialism. This concept is closely related in the Communist mind to the functions of the People's Democracy and is embodied in the Constitution of 1948, though by that time the actual economic policy was moving beyond it.

241 465 For all the fanfare accompanying the 1945 agrarian reform, the organization of Rumanian farming in the first two or three years after its application showed little change. In the planting year 1946/47 much the greater part of the working force was engaged in family farms. About 181,000 persons (2.3 per cent of those active in agriculture) were permanent farm laborers, about 783,000 were engaged in seasonal work, and 1.4 million persons did some work on farms other than their own.[27] Payment for work continued to be a mixture of money and produce, only one-third of the work being paid solely in money.

The type of cultivation was much the same, though there was a retrogression from mixed agriculture. If the figures are comparable, some 61 per cent of the exploitations in 1948 were devoted to cereal cultivation as against 51 per cent in 1941; only 1.2 per cent of the exploitations concentrated on raising livestock as against 12 per cent in 1941, a reflection of the wartime loss of animals and the breaking up of large estates.

About two-thirds of the exploitations obtained their money income through sale of produce, the other third through outside labor. Two-fifths of the exploitations in 1947 were obliged to buy agricultural produce to supplement their own deficient production.

185 241 In 1945 the Groza regime announced that the agrarian reform was but the initial step in a whole series of projected reforms which would transform Rumanian agriculture, but at this time there was no mention of collectivization as the general goal. On the contrary, any mention of collective farming was frowned upon, and the whole emphasis was on assisting the independent peasant. Actually, the list of

27. *Recensământul agricol din Republica Populară Română, 25 Ianuarie 1948*, p. 35. The relation between the last two categories is not clear, but the figures on permanent and seasonal workers are quite similar to those of 1941. See above, p. 52

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proposed measures was very similar to those brought forward repeatedly by various Rumanian governments in the preceding twenty-five years. Great publicity was given to state-operated agricultural machine stations which were to enable the peasant to mechanize his cultivation; from the beginning, however, this measure was regarded as a powerful potential lever in the hands of the state to direct agriculture. The promise of an agricultural machine industry was also a familiar item of earlier programs. Other recognizable projects were land reclamation, the creation of better experimental stations, improved agricultural education, more credit, a vigorous cooperative movement, development of agricultural industries, a scientific land survey, and the encouragement of animal husbandry.[28]

In 1945 the government created a National Cooperative Institute to assist agriculture, but its principal function appears to have been grain collection.[29] In November, 1946, appeared a new organ, REAZIM, an autonomous administration for developing agriculture, animal husbandry, and the use of agricultural machinery. REAZIM took over most of the state functions for agrarian improvement, rationalizing cultivation, supplying seeds and equipment, executing production plans, and managing agricultural machine stations.

Although many of these projects resembled those proposed by earlier regimes, it was obvious that the Communists had no intention of permitting Rumanian agriculture to proceed in its traditional rut. Even in the first phase of ostentatious silence about collective agriculture, the nature of the reforms, or rather the absence of certain reforms, provided an indication of developments to come. In its plans for agricultural improvement, the regime appears to have laid little stress on the desirability of consolidating holdings in private ownership, and the 1948 census showed the fragmentation of properties to be just as extreme as in 1941. The emphasis was upon increasing cereal output through mechanization rather than upon the intensified and diversified cultivation suitable to peasant farming. When, as a consequence of the 1946–47 famine, poor peasants began to sell their holdings, the government took steps to cancel sales to rich farmers. All these moves showed that it had no intention of fostering the growth of an independent, potentially capitalist peasantry on the

28. See, for example, the two pamphlets outlining the government's plans for intensifying livestock raising and for land reclamation: *Intensificarea creşterii animalelor în cadrul refacerii economice* (Bucarest, 1946), and *Îmbunătăţirile funciare în agricultura românească* (Bucarest, 1946).

29. In 1945 INCOOP was granted 57 billion lei for the collection of grain, of which 13 billion was for deliveries to the U.S.S.R., 8 billion to supply Soviet troops, 1 billion to supply the Rumanian army, and 35 billion for the civil population.

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Western model, but during this first period, to avoid alienating the peasants, it held its hand.

A somewhat similar situation obtained in the question of industrial policy, though here official propaganda was much more hostile to exploiting industrialists. So long as the Tătărescu Liberals were in the government, it called for the cooperation of private capital, and the only important step taken in this first phase was the nationalization of the National Bank. As late as March, 1947, Mihail Ralea, Rumanian Minister to the United States, protested against rumors that the government was proceeding against private enterprise and maintained, either disingenuously or without information (Ralea was not a member of the Communist party), that one of the main goals of the Groza regime was to "foster private initiative," to which it granted complete freedom.[30] Nevertheless, in practice the sphere of private industrial activity was increasingly circumscribed and restricted by a number of devices: obstructive action by the workers, appeals to the national interest, or simply charges of inefficiency and sabotage.

Perhaps the most significant economic innovation in the months after the armistice was the creation of a number of joint Soviet-Rumanian enterprises. On May 8, 1945, the Rumanian government signed an agreement with the Soviet Union providing for extensive economic collaboration. The U.S.S.R. was to assist Rumanian agriculture by supplying tractors, seed, and agricultural experts. A number of SOVROM companies were set up in the important fields of river and air transport, banking, lumbering, and oil production and refining. (A 1948 trade agreement created two new SOVROM companies for the manufacture of tractors and chemical products.) Participation in the companies was on a 50–50 basis, and the Rumanian state was to grant them special privileges and monopolies. Much of the Soviet capital was quite easily obtained from the German assets in Rumania, awarded to the U.S.S.R. in the Potsdam agreement. These concerns clearly gave the Soviet Union a controlling position at key points in the Rumanian economy.

This form of economic collaboration was reminiscent of the Rumanian-German trade agreement of 1939. The principal difference lay less perhaps in the agreements themselves than in the structure of the Soviet and German economies. Under the German-Rumanian agreement the two economies were seen as complementary, and the major function of Rumania was to provide raw materials; the Germans showed some hostility to the further development of Ru-

30. See his letter to the *New York Times*, March 12, 1947.

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manian industries, especially secondary industries. Both Russia and Rumania, however, are still industrializing economies and there seems to be little evidence, in the Rumanian case at least, of a desire to check the industrialization of the latter.[31]

The turning point in the economic policy of the immediate post-war period was the stabilization of the currency in August, 1947, which more or less liquidated the old financial structure and served as a vast economic leveler. On the fifteenth of that month, the leu was devalued (to 150 to the dollar) and the old money was ordered to be exchanged immediately at the rate of one new leu for 20,000 old lei. Peasants were limited to exchanging 5,000,000 lei; workers to 3,000,000; and other persons to 1,500,000. That is, at the official new rate, peasants could receive in exchange $1.67, workers $1.00, and others $0.50. Gold and foreign currency were entitled to full value but had to be declared under penalty of life imprisonment. This drastic measure, which came at a time of continued commodity shortages, inevitably caused widespread hardship. There were numerous reports of resistance by the peasants who felt as usual that they were being sacrificed to the benefit of the towns. The government hurled many charges of speculation and exchange violation, and part of the brutal behavior of the regime in the course of 1947 is to be associated with, if not explained by, this Draconian financial reorganization.[32]

Along with the tightening of political control the Groza government now entered a new phase of economic policy marked by the progressive nationalization of industry, collectivization of agriculture, and the beginning of economic plans. In 1947 pressure against private industry consisted primarily in assuming control over certain specific enterprises, supervising industrial activity, and making accusations of sabotage against foreign-owned concerns. At the beginning of 1948 Gheorghiu-Dej launched a general attack on private capital, which dominated industry, banking, and insurance: "Our democratic regime has been very patient with private enterprise, but private owners do not make capital investment, nor do they renew equipment. They transfer capital abroad and openly sabotage reconstruction." In January the concession of the Rumanian match monopoly to the Swedish firm (this concession had been granted at the time of the stabilization loan of 1929) was declared invalid and

31. See also below, pp. 327–329.

32. A defense of the stabilization, written by the National Bank, is published as "La Réforme monétaire en Roumanie, 15 août 1947," in *Les Archives internationales*, Doc. 664.

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165 471 annulled. In the following months government administrators were appointed to supervise the British and American-owned oil companies, which action, in effect, put these firms in a state of forcible dissolution. The Rumanian industrialist, Nicolae Malaxa, who had made great efforts to accommodate himself to the Russians and the Groza regime, was unable to ride this new wave and his factories, the most important in the country, were also taken over. While, as has been seen, the Rumanian government has always worked in close conjunction with Rumanian industry—fostering desirable undertakings and even setting up state-owned enterprises—this new advance was under quite different auspices and had a far more ambitious intent.

The decisive step came in June, 1948, with a bill providing for the nationalization of all industrial, mining, banking, insurance, and transport concerns. The law at the outset affected some 1,068 enterprises, including 132 heavy industries, 20 coal mines, 25 oil and natural gas companies, 56 building material companies, 163 textile factories, 15 insurance companies, and 4 shipping concerns. While the law did not, in theory, deny compensation, it was to be based on profits, its amount was to be determined by a government commission, it was to be paid in state bonds, and would not be given to persons who "have enriched themselves illegally or left the country illegally." The motives given for the bill were largely political: the new situation demanded changes in the national economy; the bourgeoisie, which had been disarmed politically, must not be permitted to retain its potent economic weapons.

In November all privately owned health institutions, hospitals, sanatoria, and the film industry were nationalized. In April, 1949, the state took over a new batch of private companies, pharmacies, laboratories, drug and cosmetic factories. Thus, by the end of the year, a significant and certainly decisive sector of the economy was directly controlled and managed by the state.

423 The switch in agrarian policy came at a somewhat later date, though in 1946 and 1947 one finds mounting criticism of the predatory activity of the rich peasants and the sabotage committed by estate owners on the land remaining to them. A foreshadowing of a change in eastern European agriculture was given in a Russian broadcast of February 9, 1948, to Soviet farmers: "Today the governments of the new democracies know that the present small peasant holdings are not a paying proposition and that the peasants' road to wealth lies in co-operation and the uniting of small holdings into large collective estates. . . . The movement for setting up co-operative agri-

culture is growing apace

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tasks. The first was to restrict the kulaks and dislodge them from their position. Then it would be possible "when conditions are ripe, to pass over to the policy of the complete liquidation of the kulaks."[36] He anticipated, of course, that the kulaks would resort to underground struggle, sabotage, and criminal acts in an effort to avert their approaching fate.

The second task was to undertake propaganda convincing the poor and middle peasants of the need to unite in collective farms. When that task had been achieved, when all the land belonged to the collectives in perpetuity, the goal of making the land public property and bringing about the socialist transformation of the countryside would be reached. Gheorghiu-Dej emphasized, however, the necessity of making this transition gradually, by means of persuasion, and with the voluntary support of the peasant. The poor peasants should not be driven into collectives, the middle peasant should not be identified with the kulak, and the whole process must be paced by the development of agricultural machinery, machine tractor stations, and the expansion of the network of consumer and producer cooperatives as broad mass movements.[37] These words of caution presumably reflect the wisdom gained from the Soviet experiment in collectivization.

Gheorghiu-Dej concluded his remarks with the inevitable "self-criticism": in the past the party had not provided a clear political line for work in the countryside and had failed to popularize the notion of uniting the working peasantry into collective farms, and had even ignored or denied this goal.[38] That these so-called errors were the fault of the Rumanian Communists is, of course, nonsense. The party line, emanating from Moscow, had shifted, and in this instance a strong case can be made that the change had been planned long in advance. The Communists could have had no intention of stopping at the stage of small peasant cultivation which had, in any event, reached a cul-de-sac in Rumania.

The creation of collective farms got under way in 1949, and by the end of the year, according to the glowing account of a Russian visitor, 56 *kolkhozi* comprising 4,000 peasant families had been estab-

36. As in Russia representatives of the restricted and soon to be liquidated kulak class are not to be admitted to the collective farms.

37. The cooperatives, however, must rid themselves of capitalist elements, must intensify their collaboration with the state trading organs, and must promote the spirit of "socialist emulation" among the peasants.

38. G. Gheorghiu-Dej, "Tasks of the Rumanian Workers Party in the Struggle for the Socialist Reorganization of the Countryside," *For a Lasting Peace, for a People's Democracy* (Bucarest, March 15, 1949).

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natural concomitant and hence relevant for an estimate of the Rumanian future is exceptionally difficult; at the present state of our knowledge of Soviet agriculture it would be hazardous to base any Rumanian prediction upon it.[41]

In a curious way, however, this issue resembles the pre-1914 dispute in Rumania between the proponents of estate and peasant farming, and in certain respects the wheel has turned full circle. The collective farmer, with his own tiny personal plot, working on the great farm, delivering what amounts to payments in kind and performing a set number of work days, is obviously reminiscent of his grandfather under neoserfdom, with, of course, a different master and the promise contained in, if not yet realized by, the power of the tractor. Somehow, through all the changes the past century has witnessed, an apparently distinctive eastern European pattern is reasserting itself.

Both the nationalization of industry and the move toward collective agriculture are to be understood within the context of an over-all planned economy, not only for one nation but for all the eastern European satellite states. In the field of planning Rumania lagged a bit behind its neighbors, perhaps because of difficulty in creating an adequate and reliable administrative staff, but is now proceeding along the same path.

In general, after putting through a land reform and obtaining control of the industrial sector of the economy, all these states have inaugurated short-term plans of one or two years to restore their economies from the devastation wrought by the war and to pave the way for the next stage, long-term development programs. The primary aim of all the plans is, naturally, increased industrialization; agricultural development takes second place. In the view of a United Nations study, the plans "appear to aim at the development of more or less self-contained industrial economies in order to minimize their dependence on trade with the outside world. . . . The similarity in the investment pattern in the various countries suggests that the industrial plans were drawn up individually, on a national basis."[42] This presumed element of individuality is rather surprising in view

41. Favorable interpretations of the success of Soviet collectivization may be found in Alexander Baykov, *The Development of the Soviet Economic System* (New York, 1946), and Maurice H. Dobb, *Soviet Economic Development since 1917* (London and New York, 1948). A quite pessimistic view, based on an extensive criticism of Soviet statistics, is given in Naum Jasny, *The Socialized Agriculture of the USSR* (Stanford University Press, 1949).

42. United Nations, Department of Economic Affairs, *Economic Survey of Europe in 1948*, p. 202.

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● R5 of the evidence that the Soviet Union exerts a dominating influence in the whole area.[43] It should be observed, however, that even within the countries the plans "aim at a geographical spread of industrialization throughout their individual areas by concentrating on the industrial development of the most backward regions."[44] Hence, the guiding philosophy seems to be that industrialization per se is the cure all and should therefore be spread as widely as possible. In consequence, less attention appears to be paid to the matter of economic complementarity; certainly the complementarity is not to be based on an agriculture-industry exchange.

In this respect the plans differ sharply in their outlook from Nazi Germany's schemes for southeast Europe with their emphasis upon economic exchange. The Polish economist Oskar Lange has recently stressed this fact as proof of the nonexploitative, anti-imperialist behavior of the Soviet Union. It is hard to say what economic advantages are being lost by this parallel rush to industrialization. There must be a point at which the principle of "socialization in one country" can be driven to an absurdity.

The long-term plans anticipate a steep increase in the rate of capital investment, with an annual increase of gross national product of about 10 per cent. However, employment in industry, for the four or five years of the plans, will increase by only one or 2 per cent of the total population, which itself may rise by some 5 per cent in the same period; the plans will not, in the immediate future, do much to solve the pressing problem of agrarian overpopulation. One reason for the relatively low increase in industrial employment is the concentration on heavy industry, in which the capital per worker employed is comparatively high. The prior development of light industries, which would expand employment, is apparently being avoided, perhaps because such an approach would increase dependence upon imports, perhaps because of the need to strengthen the sinews of war.

When the major Rumanian industries were nationalized in the summer of 1948 the government announced that this act rendered possible the creation of a planned economy. The first plan, a one-

43. One recent article asserts that "according to the secret protocol to the pact for the Council of Mutual Economic Assistance [the Soviet response to the Marshall Plan, established at the beginning of 1949], the Soviet State Planning Committee will 'coordinate' the economic planning of member countries for the next twenty years." "The Peasant in Eastern Europe's Economic Planning," *The World Today* (August, 1949), p. 364.

44. United Nations, Department of Economic Affairs, *Economic Survey of Europe in 1948*, p. 202.

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year plan for recovery, was inaugurated in 1949. It was to involve the expenditure of 82,000 million lei, including 7,000 million for the completion of work started in 1948, and was to achieve a 40 per cent increase in the level of production over 1948. The capital expenditure was to be invested, percentage-wise, as follows: mining and manufacturing, 47; transportation and roads, 21; agriculture, 9; housing and public services, 21; other, 2. Throughout the year the government issued reports of various portions of the plan being "fulfilled and over-fulfilled," but no absolute quantities were mentioned, only percentage gains over 1948, a singularly uninformative year. In the summer of 1949 the government announced that a budget surplus rendered available several billion additional lei which would be used to begin construction of the Danube–Black Sea Canal.[45] The plan for 1950 appears to be still a preliminary rather than a long-term development program.

Viewed abstractly, and hence, as all Leninists know, incompletely, Communism has three aspects which might commend it to the Rumanian situation: its emphasis upon the importance of industry, its equalitarianism, and its insistence that a backward society can make meaningful progress through its own efforts. Previous Rumanian political movements lacked one or more of these aspects. The Liberals and the neoliberals of the Carolist regime saw the desirability of industrialization, but it proved to be largely for the benefit of a narrow oligarchy. The National Peasants were far more democratic but they tended to be, if not hostile to industry, at least opposed to forced industrialization, which was probably the only way to bring industry to Rumania. Feeling that their country was too weak for such an effort, they turned to foreign capital for assistance, but their hopes for international economic progress "in the spirit of Geneva" were blighted by the depression. The Iron Guard had nothing to offer in this connection. The Social Democrats recognized the importance of industry as well as the necessity of achieving a truer democracy in Rumania, but they were unable to see how their socialist goals could be gained in Rumania with its peasant economy.

The Russian Bolsheviks under Lenin's influence achieved a remarkable tour de force in uniting these elements. They were aware

45. Along with the growing similarity of the Rumanian economy to that of the Soviet Union, there have been a number of reports of forced labor, primarily in connection with the Danube–Black Sea Canal. It may be relevant to note that by a law of January 21, 1939, the Carolist regime established an Administration for the Exploitation of Penal Labor; on May 31, 1945, the Groza regime transferred this administration from the Ministry of Justice to the Ministry of Interior.

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of the political importance of the peasantry, but refused to accept the rural ideals of populism; they saw the need for industrialization but were not going to let industry fall into the hands of a capitalist oligarchy. Having achieved their revolution they set about to prove that it was possible to achieve socialism in one state, be it a backward state such as Russia. Whether this revolution and this socialism were what Karl Marx had in mind is a different matter.

The question remains, of course, whether the Bolshevik achievement was anything more than a tour de force. One can maintain that it succeeded simply because it has survived and expanded under exceptionally difficult circumstances. On the other hand, the shadow of repression which darkens the Soviet state, the heavy weight of a bureaucracy forming its own hierarchy, and the vast extension of forced labor, under whatever guise, would indicate that the Leninist synthesis did not reveal a magical solution for the economic problems of a backward state and that the Soviet Union has paid dearly for its ambition to build socialism in a single and relatively retarded country.

Aside from these problems of the Soviet economy, the installation of a Communist regime in Rumania involves additional difficulties. The mere fact that the Groza government was externally imposed has stigmatized it as an alien intruder. To say that this is of no moment except to the nationalist middle classes is but casuistry. It is significant that while one may find certain justifications for the Soviet action in Rumania—in the strategic importance of the area, in the pronounced hostility displayed by Rumanian regimes since 1917, in the advantages of coordinating the eastern European states in one large economic region—Soviet and Rumanian Communist apologists unfailingly fall back upon the one explanation which simply is not true, that the Groza government represents and is supported by the overwhelming majority of the Rumanian people. This does not mean that it will be vigorously and permanently resisted; alien domination is an old familiar in eastern Europe, and history tends to overlook the many cases when national independence, crushed to earth, remained there. But it does mean, for the near future at least, the blighting of whatever democratic tendencies may be contained in the theory of communism. Those Rumanian Communists who were known to have a Rumanian rather than a Soviet point of view were dropped from their posts and eliminated from the political scene well before the Titoist heresy became a public issue.

As to the economic prospects, there is, of course, the general advantage of participating in a large economic space. People of nearly all political outlooks have felt that the multitude of small states cre-

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ated in eastern Europe after the First World War did not represent a rational economic solution. The principal, and decisive, differences arose over the nature of the union or federation which should be inaugurated.

On the other hand, Rumania is now in the position of being a junior partner in a belt-tightening association. There is no question that in blatant contrast to the Soviet political aim of creating an eastern European coprosperity sphere, the actual Soviet activities, largely under the terms of the armistice, have thus far constituted a heavy drain on the Rumanian economy. There is no need to attribute malevolent intentions to this drain. The Russians were badly in need of supplies and equipment to restore their economy, and it is altogether natural that they should have accorded a higher priority to their needs than to Rumania's, and given the power relations they were perfectly able to do so. Unfortunately, this pressure in one form or another, most probably in relation to military requirements, may last for an indefinite period of time.

Ultimately, the development of the Rumanian Communist party and the fate of the People's Republic will depend upon the Soviet Union's relations with the Western powers. The Groza government was installed for reasons of international policy and its future rests with the fruits of that policy.

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outlined. In the first place it would be slow and costly to carry out. Secondly, it would call for skills which Communist régimes do not possess and foreign scientific information which they boast of despising. Thirdly, they in principle oppose measures for improving small-peasant agriculture, for if they succeeded the peasants would merely become more independent and recalcitrant. They therefore prefer to favor industry and neglect agriculture,[7] calculating that misery on the farms will make the peasants more amenable to collectivization or force them into great slave-labor projects like the Danube-Black Sea canal. In any case, they have not cast Rumania to play an agricultural rôle in the family of Sovietized states. Nature did so, but they are going to improve on nature.

In Stalin's original plans Jugoslavia and probably Bulgaria were destined to remain agricultural in the main and to supply the other members of the family with raw materials. Rumania, although so heavily agricultural, was to be largely industrialized. The reason for this arbitrary allotment of functions is not entirely clear. Rumania has oil and timber, as well as reserves of soft coal and natural gas in Transylvania, all of which can be developed without running counter to economic law. She also has a large reservoir of unskilled labor. But otherwise she is not adapted by natural resources and native skills to proceed with very speedy or very extensive industrialization projects, and she seems especially unsuited to becoming a center of heavy industry in view of the scarcity of her metallurgical reserves. In any case, the improvement and development of agricultural production would be the right preliminary to ambitious enlargements of the industrial plant such as are projected in the new Rumanian Five Year Plan, to end December 31, 1955.

Ana Pauker has called the new Plan "majestic." Its main purpose, she has written,[8] is "the industrialization of the country . . . on a new, advanced technical basis . . . which will insure the success of the Socialist offensive against the capitalist elements." Industrial output is to be increased twofold, with emphasis on what she called "the Stalin method" of developing heavy industry in particular.

[7] Of the Rumanian investment program for 1950, 47 percent was allocated for industry, 20 percent for transportation and 9 percent for agriculture.

[8] *For a Lasting Peace, for a People's Democracy!*, Bucharest, August 18, 1950.

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185 Output of oil is to be doubled, of iron and steel nearly doubled. Though the socialization of agriculture is of course to be pushed, Mme. Pauker said nothing about class warfare in the villages nor did she emphasize the leading rôle of the industrial proletariat, as had been done by other satellite leaders as well as by her own colleagues in the Central Committee, Georgescu and Luca.

185 Perhaps geography supplies an answer to why Moscow slated
648 Rumania but not Jugoslavia and Bulgaria for industrialization. The latter are more distant from Soviet Russia and would be much more exposed to enemy air attack in case of war. Rumania adjoins the Soviet Union; and although it is true that her oil fields were bombed from North Africa and Italy in the last war, they could be given air protection more easily than could the industrial installations in the other two countries. The same considerations apply, though in less degree, to Hungary; but in any case industrialization there was already considerably advanced. Rumania and Hungary, moreover, were destined in the Soviet planning to remain indefinitely under occupation by Soviet troops.

The favor shown by Soviet planners for developing heavy industry even in situations where it seems particularly unnatural, as in Rumania, is partly inspired, of course, by their desire to proletarianize the population as quickly as possible. But more important, perhaps, it also will increase the dependence of the satellites on the Soviet Union. Where else but in Russia can they hope to dispose of the product?

565 Despite all their adversities, present and planned, the peasants
626 nevertheless remain the great—probably the only—obstacle to Rumania's full Sovietization. All over Southeast Europe farming is more a way of life than an occupation, and nowhere is this truer than in Rumania. Coercion will gradually break the Rumanian peasant of this way of life. As we have seen, however, the régime has so far made no claims to spectacular progress. Evidence that formidable difficulties are being encountered is found in the fact that while Georgescu, Luca and others stress complete proletarianization as the goal and hint at violent methods to attain it, they make excuses for not proceeding faster; and at the same time there continues to be conciliatory talk about getting the "freely given consent of the peasants."